

Agency Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	726.58	(2.00)	5.50	730.08	(2.00)	5.50	730.08	730.08
Personal Services	32,154,967	4,571,032	1,652,047	38,378,046	4,745,650	3,240,359	40,140,976	78,519,022
Operating Expenses	17,586,487	2,461,875	1,184,251	21,232,613	2,619,064	140,706	20,346,257	41,578,870
Equipment	425,584	89,000	14,700	529,284	90,000	14,700	530,284	1,059,568
Capital Outlay	0	0	0	0	0	0	0	0
Grants	11,211,885	20,917	125,000	11,357,802	20,917	125,000	11,357,802	22,715,604
Benefits & Claims	135,586	0	0	135,586	0	0	135,586	271,172
Transfers	170,036	0	564,555	734,591	0	188,345	358,381	1,092,972
Debt Service	3,775	0	0	3,775	0	0	3,775	7,550
Total Costs	\$61,688,320	\$7,142,824	\$3,540,553	\$72,371,697	\$7,475,631	\$3,709,110	\$72,873,061	\$145,244,758
General Fund	1,623,914	346,304	244,379	2,214,597	356,127	303,175	2,283,216	4,497,813
State/Other Special	29,089,380	3,090,487	2,335,147	34,515,014	3,202,308	4,596,406	36,888,094	71,403,108
Federal Special	30,904,462	3,693,070	958,476	35,556,008	3,901,624	(1,196,064)	33,610,022	69,166,030
Proprietary	70,564	12,963	2,551	86,078	15,572	5,593	91,729	177,807
Total Funds	\$61,688,320	\$7,142,824	\$3,540,553	\$72,371,697	\$7,475,631	\$3,709,110	\$72,873,061	\$145,244,758

Agency Description

The Department of Labor and Industry (DOLI) has a number of functions. In part, the department:

- Serves as an employment agency, provides job training to assist individuals in preparing for and finding jobs, and assists employers in finding workers
- Oversees federal and state training and apprenticeship programs
- Conducts research and collects employment statistics
- Administers the unemployment insurance program and disburses state unemployment benefits
- Enforces state and federal labor standards, anti-discrimination laws, and state and federal safety-occupational health laws
- Provides adjudicative services in labor-management disputes
- Licenses, inspects, tests, and certifies all weighing or measuring devices used in making commercial transactions in the State of Montana
- Provides administrative and clerical services to the 38 professional boards and occupational licensing programs authorized by state statutes
- Establishes and enforces minimum building codes
- Administers the federal AmeriCorps, Campus Corps, and Volunteer Montana programs through the Office of Community Services
- Oversees and regulates the Montana Workers' Compensation system

Organizationally, the department is divided into five divisions: 1) Workforce Services; 2) Unemployment Insurance; 3) Commissioner's Office/Centralized Services; 4) Employment Relations; and 5) Business Standards. The Office of Community Services, Workers' Compensation Court, and three boards are administratively attached.

Agency Highlights

Department of Labor and Industry Major Budget Highlights
<ul style="list-style-type: none"> ◆ The department is funded primarily from federal funds and state special revenue from fees and assessments to Montana businesses, employers, and licensed professionals ◆ The legislature approved personal services and operating costs for 5.50 additional FTE and moved 2.00 FTE positions and related costs out of the appropriated budget onto proprietary funds (non-appropriated) ◆ The legislature approved an executive initiative to increase funding from the employment security account by \$0.9 million in FY 2008 and \$2.3 million in FY 2009 and decrease funding from federal funds by a like amount in the Unemployment Insurance Division, reflecting passage and approval of HB 790 which implements the rate changes needed for this switch ◆ \$1.8 million of federal Reed Act funds were added to the appropriated department budget that are a special allocation from Congress and had been expended in the base budget year with authority obtained via budget amendment

Summary of Legislative Action

The legislature approved a biennial budget of \$145.2 million. This included present law adjustments of \$14.6 million and new proposals totaling \$7.3 million. The major increases occurring from new proposals include:

- Pay plan and retirement employer contributions add a total of \$4.1 million
- Adding federal Reed Act funds to the appropriated budget that, in the immediate past, had been authorized via budget amendments, \$1.75 million
- Incumbent Worker Training Pilot Program adds \$0.5 million
- Two new FTE wage compliance specialist positions and operating costs add \$0.3 million
- Three new FTE building code positions and operating costs add \$0.32 million
- Additional authority related to legislation enacted by the 2007 Legislature adds \$0.17 million

Other major budgetary issues included:

- The legislature approved a funding switch from federal special revenue to state special revenue, contingent upon passage of legislation introduced in the 2007 session. HB 790 increased the Employment Security Account (ESA) assessment rate and reduced state unemployment insurance contribution rates. The budgetary impact of this legislation increased funding from the ESA by \$905,571 in FY 2008 and \$2,300,000 in FY 2009 and reduced funding from the UI administrative grant account by a like amount.
- Statewide personal services adjustments add \$9.0 million in the 2009 biennium from the FY 2006 base year
- Operating increases recommended by the executive and approved by the legislature, in addition to inflationary increases, totaled \$2.5 million each year of the 2009 biennium from the FY 2006 base year

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2009 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Work Force Services Division	\$ 1,492,982	\$ 16,997,796	\$ 40,823,617	\$ 59,314,395	40.89%
02 Unemployment Insurance Divisio	-	4,666,985	19,941,254	24,608,239	16.96%
03 Commissioner'S Office/Csd	531,186	1,442,876	991,654	2,965,716	2.04%
04 Employment Relations Division	2,223,645	18,193,657	1,554,624	21,971,926	15.15%
05 Business Standards Division	-	28,630,159	-	28,630,159	19.74%
07 Office Of Community Services	250,000	200,000	5,854,881	6,304,881	4.35%
09 Workers Compensation Court	-	1,271,635	-	1,271,635	0.88%
Grand Total	<u>\$ 4,497,813</u>	<u>\$ 71,403,108</u>	<u>\$ 69,166,030</u>	<u>\$ 145,066,951</u>	100.00%

The Department of Labor and Industry is funded from general fund, state special revenue, federal special revenue, and proprietary funds. Total budgeted funds increase \$12.1 million in this bill, a nine percent increase in the 2009 biennium from the 2007 biennium. Most of the proprietary funds are excluded from this bill, but are presented and discussed in the accompanying narrative.

General fund supports a portion of the Jobs for Montana Graduates program and the Research and Analysis Bureau in the Workforce Services Division; the Legal Unit and Hearings Unit in the Commissioner's Office; the Human Rights Bureau, Silicosis Program, social security offset function in the Workers Compensation Claims Assistance Bureau, and Management Services Bureau; and the Community Services program. General fund increases \$1.2 million in the 2009 biennium in this bill.

The department has several state special revenue funds. Detailed discussions of state special revenue are included in the program narratives. State special revenue increases \$10.7 million from the 2007 biennium in this bill, approximately 18 percent, due to the following:

- A new proposal to change the tax structure for the employment security account and the state unemployment tax, \$3.2 million
- Two new proposals funded from the employment security account and not included in the executive budget, \$0.8 million
- A new proposal to add more electrical inspectors, \$0.3 million
- Statewide and other present law adjustments, \$3.9 million
- State special revenue funds about 57 percent of the 2009 biennium pay plan, \$2.3 million

Federal funds comprise about 48 percent of the funding support for the agency and support to varying degrees all agency programs. UI administrative grants provide approximately 26 percent of the federal funding over the biennium. The funds are used to support the Unemployment Insurance Division. Three major grants, the Workforce Investment Act funds, Wagner Peyser grants, and Employment Training Grants, support the activities of the Work Force Services Division and are about 20 percent, 16 percent, and 13 percent, respectively, of the agency's federal funding support. The Montana Community Service grant provides funding for the Office of Community Services at 8 percent of overall agency federal funding appropriations.

Other Legislation

House Bill 99 – The legislature passed a bill that increases fees for licensing of weighing devices. State statute requires the Bureau of Building and Measurement Standards in the Department of Labor and Industry to test and inspect all weighing and measuring devices each year. This legislation authorizes fee increases averaging 23 percent. DP 50010 includes the additional state special revenue authority to spend the additional revenue that will be generated from this fee increase.

House Bill 378 – This bill adds one board member to the Board of Nursing Home Administrators. Board-related travel expenses, totaling \$2,376, were added to House Bill 2 as a result of this bill (see DP 50012).

House Bill 540 – This bill increases the monthly benefit for individuals receiving silicosis grant-in-aid payments from \$300 to \$350 and appropriates \$21,000 general fund each year of the 2009 biennium to the Department of Labor and Industry to cover the increased benefit payment. This appropriation is not included in the budget summary tables of the Fiscal Report.

House Bill 665 – This legislation establishes a new five-member board for the profession of athletic trainers. Board related travel and administrative expenses to establish the new board total \$96,961 and were added to HB 2 via DP 50014.

House Bill 769 – This legislation requires registration and licensure of alternative adolescent residential or outdoor programs and inspection of the programs by the department for licensure and every three years. The budgetary impact of this legislation, estimated at \$16,182 for the 2009 biennium, was added to HB 2 in DP 50015.

House Bill 790 – This bill reduces the state unemployment tax and increases the employer security account tax. The state unemployment tax rate schedules are reduced by .25 percent, lowering the average tax rate from 1.37 percent to 1.12 percent. The bill increases the employer security account tax rates by 0.05 percent for experience rated private employers, 0.04 percent for governmental experience rated employers, and 0.03 percent for reimbursable employers to generate additional revenues to be used for administration of the unemployment insurance program.

Senate Bill 62 – This bill increases the daily rate paid to advisory council members from \$25 to \$50, and requires that the daily pay rate be adjusted for inflation annually. The legislature adjusted the department's non-general fund appropriation \$5,400 in FY 2008 and \$5,536 in FY 2009 for these additional costs.

Senate Bill 153 – This legislation revises numerous professional and occupational licensing laws. The budgetary impact of this legislation is driven by expanding the Board of Realty Regulation from five to seven members and expanding audit functions of the board to test compliance of real estate brokers or property managers with trust account maintenance requirements. Total additional funds included in HB 2 are \$22,580 (see DP 50017).

Senate Bill 209 – This legislation transfers the regulation and oversight of registering process servers and levying officers to the Board of Private Security Patrol Officers from the Clerks of District Court. The budgetary impact, estimated at \$3,052 for the 2009 biennium, was added to HB 2 in DP 50018.

Senate Bill 440 – This bill requires at least one representative of military veterans in the membership of the State Workforce Investment Board. Board related travel expenses to implement this legislation were added to HB 2 via DP 10005.

Executive Budget Comparison

The following table compares the legislative budget in the 2009 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2006	Executive Budget Fiscal 2008	Legislative Budget Fiscal 2008	Leg - Exec. Difference Fiscal 2008	Executive Budget Fiscal 2009	Legislative Budget Fiscal 2009	Leg - Exec. Difference Fiscal 2009	Biennium Difference Fiscal 08-09
FTE	726.58	730.08	730.08	0.00	730.08	730.08	0.00	
Personal Services	32,154,967	36,970,270	38,378,046	1,407,776	37,145,392	40,140,976	2,995,584	4,403,360
Operating Expenses	17,586,487	20,319,560	21,232,613	913,053	20,322,511	20,346,257	23,746	936,799
Equipment	425,584	529,284	529,284	0	530,284	530,284	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Grants	11,211,885	11,232,802	11,357,802	125,000	11,232,802	11,357,802	125,000	250,000
Benefits & Claims	135,586	135,586	135,586	0	135,586	135,586	0	0
Transfers	170,036	170,036	734,591	564,555	170,036	358,381	188,345	752,900
Debt Service	3,775	3,775	3,775	0	3,775	3,775	0	0
Total Costs	\$61,688,320	\$69,361,313	\$72,371,697	\$3,010,384	\$69,540,386	\$72,873,061	\$3,332,675	\$6,343,059
General Fund	1,623,914	2,170,431	2,214,597	44,166	2,180,260	2,283,216	102,956	147,122
State/Other Special	29,089,380	33,512,197	34,515,014	1,002,817	34,964,606	36,888,094	1,923,488	2,926,305
Federal Special	30,904,462	33,595,158	35,556,008	1,960,850	32,309,384	33,610,022	1,300,638	3,261,488
Proprietary	70,564	83,527	86,078	2,551	86,136	91,729	5,593	8,144
Total Funds	\$61,688,320	\$69,361,313	\$72,371,697	\$3,010,384	\$69,540,386	\$72,873,061	\$3,332,675	\$6,343,059

The total legislative budget for the Department of Labor and Industry is \$6.34 million higher than the executive budget proposal, due largely to the 2009 biennium pay plan, retirement employer contribution increases, and including federal Reed Act funds in the budget bill. The figure below summarizes the changes between the legislative budget and the executive budget.

Summary of Major Changes from Executive Budget - Department of Labor & Industry 2009 Biennium								
		Executive Budget Recommendation			HB 2 Change from Executive Budget			
DP #	Proposed Initiatives	FY09 FTE	General Fund	Total Funds	FY09 FTE	General Fund	Total Funds	
10003	Incumbent Worker Training Pilot Program	-	\$0	\$0	-	\$0	\$500,000	
10004-10005	Contingent legislation-Workforce Services Division	-	\$0	\$0	-	\$0	\$22,742	
20003	Unemployment Insurance Penalty Mail	-	0	800,000	-	0	(100,000)	
40002	Mine Inspection (Requires Legislation) ⁽¹⁾	2.00	0	293,745	(2.00)	0	(293,745)	
40004	Contingent Legislation - SB62	-	0	0	-	0	3,038	
40006	Wage Compliance Specialists 2.00 FTE	-	0	0	2.00	0	300,000	
50005	Bus. & Occupational Licensing Legal Contingency ⁽²⁾	-	0	0	-	0	(71,084)	
50012-50018	Contingent legislation-Business Standards Division	-	0	0	-	0	142,163	
20004	Add Federal Reed Act Funds	-	0	0	-	0	1,752,900	
6013	2009 Biennium Pay Plan - HB 13	-	0	0	-	144,071	4,024,796	
6014	Retirement Employer Contributions HBs 63/131	-	0	0	-	3,483	81,134	
6015	State Motor Pool Rate Change	-	0	0	-	(432)	(18,885)	
	HB 2 Total Change from Executive Budget⁽³⁾	5.50	\$455,400	\$1,870,335	-	\$147,122	\$6,343,059	

⁽¹⁾ Withdrawn by agency

⁽²⁾ Subcommittee corrected error in executive budget

⁽³⁾ The above table includes pay plan and retirement employer contributions (HBs 13, 63, and 131)

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	305.95	0.00	0.00	305.95	0.00	0.00	305.95	305.95
Personal Services	12,231,745	2,704,104	638,023	15,573,872	2,770,197	1,285,970	16,287,912	31,861,784
Operating Expenses	4,461,353	314,559	11,322	4,787,234	272,194	11,420	4,744,967	9,532,201
Equipment	73,398	0	0	73,398	0	0	73,398	146,796
Capital Outlay	0	0	0	0	0	0	0	0
Grants	8,591,771	0	125,000	8,716,771	0	125,000	8,716,771	17,433,542
Transfers	170,036	0	0	170,036	0	0	170,036	340,072
Total Costs	\$25,528,303	\$3,018,663	\$774,345	\$29,321,311	\$3,042,391	\$1,422,390	\$29,993,084	\$59,314,395
General Fund	514,064	13,813	210,898	738,775	15,141	225,002	754,207	1,492,982
State/Other Special	7,144,739	634,185	549,185	8,328,109	597,263	927,685	8,669,687	16,997,796
Federal Special	17,869,500	2,370,665	14,262	20,254,427	2,429,987	269,703	20,569,190	40,823,617
Total Funds	\$25,528,303	\$3,018,663	\$774,345	\$29,321,311	\$3,042,391	\$1,422,390	\$29,993,084	\$59,314,395

Program Description

The Workforce Services Division (WSD) operates through four bureaus. The Job Service Field Operations Bureau functions through a network of 23 Job Service Workforce Centers. The division is a gateway to government services in the area of employment and training services. The WSD performs services that include retraining and reemployment services for laid-off workers and employment and training services for people transitioning from welfare to work, as well as for youth, veterans, seasonal/migrant farm workers, and general job seekers. Other bureaus include Workforce Technology, Statewide Workforce Programs and Oversight Bureau, and Research and Analysis.

Program Highlights

Workforce Services Division Major Budget Highlights	
♦	The legislature approved replacing declining federal funds with general fund for the Research and Analysis Bureau in the amount of \$200,000 each year
♦	The legislature approved a pilot project to provide skills upgrade training of currently employed workers, funded from the increased employment security account funds available due to passage and approval of HB 790
♦	The legislature approved operating expense increases, exceeding executive-recommended inflation, of \$582,000 for the 2009 biennium

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Work Force Services Divi						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 514,064	2.0%	\$ 738,775	2.5%	\$ 754,207	2.5%
01100 General Fund	514,064	2.0%	738,775	2.5%	754,207	2.5%
02000 Total State Special Funds	7,144,739	28.0%	8,328,109	28.4%	8,669,687	28.9%
02258 Employment Security Account	6,478,145	25.4%	7,640,609	26.1%	7,963,464	26.6%
02288 Mjtp Subgrants/Contracts	597,930	2.3%	610,690	2.1%	626,804	2.1%
02315 Dli Info Exchange/Rental	1,481	0.0%	1,481	0.0%	1,481	0.0%
02455 Workers' Comp Regulation	67,183	0.3%	75,329	0.3%	77,938	0.3%
03000 Total Federal Special Funds	17,869,500	70.0%	20,254,427	69.1%	20,569,190	68.6%
03124 Employment Trng Grants	2,403,750	9.4%	4,515,573	15.4%	4,735,994	15.8%
03126 Workforce Investment Act	6,757,257	26.5%	6,857,510	23.4%	6,870,592	22.9%
03128 L & I Federal Funding	638,992	2.5%	645,521	2.2%	667,811	2.2%
03131 Osha Stat Prgm Fed.St Sdy	61,074	0.2%	68,667	0.2%	71,241	0.2%
03194 Research/Analysis Crn	864,812	3.4%	814,832	2.8%	844,778	2.8%
03297 Labor And Industry Veteran Gra	728,521	2.9%	762,886	2.6%	781,763	2.6%
03682 Wagner Peyser	5,392,034	21.1%	5,519,500	18.8%	5,500,103	18.3%
03692 Alien Labor Certification(Alc)	82,879	0.3%	86,195	0.3%	86,567	0.3%
03693 Wrk Opportunities Tx Crdt/Wotc	79,307	0.3%	81,700	0.3%	83,615	0.3%
03694 Trade Adjustment Assist/Nafta	849,991	3.3%	889,757	3.0%	913,834	3.0%
03954 Ui Administrative Grants	10,883	0.0%	12,286	0.0%	12,892	0.0%
Grand Total	\$ 25,528,303	100.0%	\$ 29,321,311	100.0%	\$ 29,993,084	100.0%

The Workforce Services Division is funded with a mixture of general fund, state special revenue, and federal special revenues, which are used to support operations within the division. General fund supports the Jobs for Montana Graduates program (JMG) and starting in the 2009 biennium, a portion of the department's Research and Analysis Bureau.

State special revenue includes \$15.6 million in employment security account (ESA) funds and approximately \$1.2 million in sub-grants and contracts. ESA funds are used to support local job service centers, the Displaced Homemaker Program, the Statewide Workforce Programs and Oversight Bureau, and the Research and Analysis Bureau.

Federal funds include \$9.3 million in employment training grants, \$13.7 million in workforce investment act funds, \$11.0 million in Wagner Peyser funds, \$1.8 million in trade adjustment assistance funds, \$1.5 million in labor and industry veterans' grants, and several smaller federal sources. The federal funds are used at local job service centers to deliver employment and training services and are also used for program administration at the department.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----					-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,326,433					3,395,259
Vacancy Savings					(622,329)					(625,062)
Inflation/Deflation					54,050					57,987
Fixed Costs					(61,618)					(39,410)
Total Statewide Present Law Adjustments					\$2,696,536					\$2,788,774
DP 6015 - State Motor Pool Rate Change	0.00	(24)	(1,060)	(2,038)	(3,122)	0.00	(25)	(1,094)	(2,102)	(3,221)
DP 10002 - Operating Increase	0.00	7,927	69,670	247,652	325,249	0.00	8,758	30,959	217,121	256,838
Total Other Present Law Adjustments	0.00	\$7,903	\$68,610	\$245,614	\$322,127	0.00	\$8,733	\$29,865	\$215,019	\$253,617
Grand Total All Present Law Adjustments					\$3,018,663					\$3,042,391

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

DP 10002 - Operating Increase - The legislature approved operating expense increases in this program totaling \$0.6 million for the biennium and included increases in indirect costs, computer database improvements, and rent.

New Proposals

New Proposals										
-----Fiscal 2008-----					-----Fiscal 2009-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13										
01	0.00	10,508	289,752	196,940	497,200	0.00	24,587	667,876	451,964	1,144,427
DP 6014 - Retirement Employer Contributions HB 63 & HB 131										
01	0.00	390	9,433	6,000	15,823	0.00	415	9,809	6,319	16,543
DP 10001 - Research & Analysis Funding Switch										
01	0.00	200,000	0	(200,000)	0	0.00	200,000	0	(200,000)	0
DP 10003 - Incumbent Worker Training Pilot Program										
01	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 10004 - Increase Pymt to Advisory Board Members - SB 62										
01	0.00	0	0	3,900	3,900	0.00	0	0	3,998	3,998
DP 10005 - Revise Membership of Workforce Investment Boards										
01	0.00	0	0	7,422	7,422	0.00	0	0	7,422	7,422
Total	0.00	\$210,898	\$549,185	\$14,262	\$774,345*	0.00	\$225,002	\$927,685	\$269,703	\$1,422,390*

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in CY 2008 and an additional \$36 per month in CY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions HB 63 & HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

DP 10001 - Research & Analysis Funding Switch - The legislature replaced \$200,000 of federal funds with general fund each year of the 2009 biennium for the Research & Analysis Bureau in the Department of Labor and Industry.

DP 10003 - Incumbent Worker Training Pilot Program - The legislature added \$500,000 state special revenue authority from the employment security account to implement a pilot program for incumbent worker training. The program is intended to provide training for skills necessary for specific economic opportunities and industrial expansion initiatives, and to provide training to upgrade the skills of currently employed workers at risk of being permanently laid off.

DP 10004 - Increase Pymt to Advisory Board Members - SB 62 - This adjustment adds funds to implement the provisions of SB 62 passed by the 2007 Legislature, a bill that requires increased payment to advisory board members.

DP 10005 - Revise Membership of Workforce Investment Boards - The legislature added \$14,844 federal special revenue authority in the 2009 biennium to implement the provision of SB 440, a bill that requires at least one representative of military veterans in the membership of the State Workforce Investment Board.

Proprietary Rates

Proprietary Program Description

The Montana Career Information System (MCIS) has been active in Montana since 1980. The purpose of MCIS is to deliver current career and labor market information to Montanans in an easy-to-use and easy-to-understand format. This is the only career information delivery system in the country that has specific Montana labor market information included in each file. MCIS is currently being funded by the Student Assistance Foundation (through a grant) for a wide variety of users: job service offices, vocational rehabilitation offices, high schools, community colleges, universities, tribal colleges, educational and training agencies, home use, and adult education programs. If the grant with the Student Assistance Foundation ends, MCIS will need to resort back to license fees for the basic system. There are currently optional components of MCIS not funded by the Student Assistance Foundation such as IDEAS (an interest inventory) that requires MCIS to collect fees associated with this optional component.

Proprietary Revenues and Expenses

Revenue comes to MCIS by billing users for optional components and services. Major classes of expenses for the MCIS program are personal services and computer programming charges. Revenues and expenditures for the MCIS are accounted for in an enterprise fund.

Proprietary Rate Explanation

The fees charged by MCIS are not to exceed \$1,500 per site. Fees will be charged by optional component per site as follows:

- IDEAS Assessment - \$100 per site
- Civil Service Practice Tests - \$200 per site
- Dependable Strengths - \$200 per site
- Academic Practice Tests Package - \$225-450 depending on enrollment

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	155.00	0.00	0.00	155.00	0.00	0.00	155.00	155.00
Personal Services	6,747,929	702,354	251,466	7,701,749	741,602	568,797	8,058,328	15,760,077
Operating Expenses	2,875,401	601,354	1,000,000	4,476,755	722,756	0	3,598,157	8,074,912
Equipment	6,400	0	0	6,400	0	0	6,400	12,800
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	564,555	564,555	0	188,345	188,345	752,900
Debt Service	3,775	0	0	3,775	0	0	3,775	7,550
Total Costs	\$9,633,505	\$1,303,708	\$1,816,021	\$12,753,234	\$1,464,358	\$757,142	\$11,855,005	\$24,608,239
State/Other Special	700,342	19,862	905,571	1,625,775	40,868	2,300,000	3,041,210	4,666,985
Federal Special	8,933,163	1,283,846	910,450	11,127,459	1,423,490	(1,542,858)	8,813,795	19,941,254
Total Funds	\$9,633,505	\$1,303,708	\$1,816,021	\$12,753,234	\$1,464,358	\$757,142	\$11,855,005	\$24,608,239

Program Description

The Unemployment Insurance (UI) Division administers the state unemployment insurance law and related federal programs, which provide temporary, partial wage replacement to unemployed individuals. The division is organized into three bureaus: Contributions, Claims Processing and Program Support. The Contributions Bureau is responsible for UI employer registration, UI tax, wage report collection, wage revisions and employer audits. The Claims Processing Bureau has two claims processing centers (Billings and Helena) that file and adjudicate UI claims, and respond to all UI claim related inquiries. The Claims Processing Bureau is also responsible for Trade Readjustment Assistance, military, federal and multi-state claims. The Program Support Bureau manages the information technology systems and infrastructure, the division budget and accounting, and the UI trust fund. The bureau also provides management analysis and research for economic, program management, reporting and legislative purposes in addition to operating tax and benefit quality control, benefit payment control, and integrity programs.

Program Highlights

Unemployment Insurance Division Major Budget Highlights	
♦	The legislature added \$1.8 million of a special allocation of federal Reed Act funds to the appropriated budget and designated the funds be used for bond payments and a computer system replacement feasibility study
♦	The legislature approved an executive initiative to increase funding from the employment security account by \$0.9 million in FY 2008 and \$2.3 million in FY 2009 and decrease funding from federal funds by a like amount in the Unemployment Insurance Division, reflecting passage and approval of HB 790 which implements the rate changes needed for this switch
♦	The legislature approved operating expense increases, exceeding executive-recommended inflation, of \$870,000 for the 2009 biennium

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Unemployment Insurance Div						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000 Total State Special Funds	\$ 700,342	7.3%	\$ 1,625,775	12.7%	\$ 3,041,210	25.7%
02258 Employment Security Account	679,835	7.1%	1,605,775	12.6%	3,021,210	25.5%
02315 Dli Info Exchange/Rental	20,507	0.2%	20,000	0.2%	20,000	0.2%
03000 Total Federal Special Funds	8,933,163	92.7%	11,127,459	87.3%	8,813,795	74.3%
03278 Ui Penalty & Interest	590,209	6.1%	445,341	3.5%	445,341	3.8%
03954 Ui Administrative Grants	8,342,954	86.6%	9,117,563	71.5%	8,180,109	69.0%
03967 Ui Reed Act	-	-	1,564,555	12.3%	188,345	1.6%
Grand Total	\$ 9,633,505	100.0%	\$ 12,753,234	100.0%	\$ 11,855,005	100.0%

The UI Division is funded with state special revenue funds and federal funds. State special revenue consists of the Employment Security Account (ESA) and information exchange/rental funds. The legislative budget increased ESA funds and reduced federal funds in the 2009 biennium, as a result of passage and approval of HB 790 which changed the ESA assessment and state unemployment tax rates. See the Other Legislation section in the agency summary for more information.

Federal funds are derived from UI administrative grants, UI penalty and interest, and a special federal allocation from Reed Act funds.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget approved by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				927,881					968,771
Vacancy Savings				(307,027)					(308,669)
Inflation/Deflation				9,408					9,955
Fixed Costs				(57,269)					(42,405)
Total Statewide Present Law Adjustments				\$572,993					\$627,652
DP 6015 - State Motor Pool Rate Change									
0.00	0	(20)	(265)	(285)	0.00	0	(21)	(273)	(294)
DP 20001 - UI Operating Increases									
0.00	0	0	431,000	431,000	0.00	0	0	437,000	437,000
DP 20003 - UI Penalty Mail									
0.00	0	0	300,000	300,000	0.00	0	0	400,000	400,000
Total Other Present Law Adjustments									
0.00	\$0	(\$20)	\$730,735	\$730,715	0.00	\$0	(\$21)	\$836,727	\$836,706
Grand Total All Present Law Adjustments				\$1,303,708					\$1,464,358

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

DP 20001 - UI Operating Increases - The legislative budget adds \$431,000 in FY 2008 and \$437,000 in FY 2009 to increase operating costs in the Unemployment Insurance Division. The funding for this adjustment is from the federal UI administrative grant account.

DP 20003 - UI Penalty Mail - The legislature added \$700,000 federal special revenue authority for the 2009 biennium for the department to pay postage costs. The US Department of Labor used to pay the US Postal Service for program postage costs, but took these costs into consideration when developing the annual allocation of federal funds. Effective October 1, 2007, the US Department of Labor is changing the practice to require the Montana Department of Labor to pay these costs. The adjustment reflects this anticipated operating change by the US Department of Labor.

New Proposals

New Proposals											
Program	FTE	-----Fiscal 2008-----				-----Fiscal 2009-----				FTE	Total Funds
		General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds		
DP 6013 - 2009 Biennium Pay Plan - HB 13											
02	0.00	0	0	243,682	243,682	0.00	0	0	560,738		560,738
DP 6014 - Retirement Employer Contributions HB 63 & HB 131											
02	0.00	0	0	7,784	7,784	0.00	0	0	8,059		8,059
DP 20002 - UI Funding Switch (Requires Legislation)											
02	0.00	0	905,571	(905,571)	0	0.00	0	2,300,000	(2,300,000)		0
DP 20004 - Add Federal Reed Act funds to HB2 budget											
02	0.00	0	0	1,564,555	1,564,555	0.00	0	0	188,345		188,345
Total	0.00	\$0	\$905,571	\$910,450	\$1,816,021*	0.00	\$0	\$2,300,000	(\$1,542,858)		\$757,142*

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in CY 2008 and an additional \$36 per month in CY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions HB 63 & HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

DP 20002 - UI Funding Switch (Requires Legislation) - The legislature increased ESA funds and reduced federal funds in the 2009 biennium, as a result of passage and approval of HB 790 which changed the ESA employer assessment and state unemployment tax rates.

DP 20004 - Add Federal Reed Act funds to HB2 budget - The legislature added \$1.8 million federal special revenue authority for Reed Act funds to be used for debt service payments on bonds relating to the Process Oriented Integrated System and Montana Integrated System to Improve Customer Service computer systems (\$0.75 million) and for a feasibility study that will be conducted over the 2009 biennium for replacing the mainframe tax system in the Unemployment Insurance Program. The \$1.0 million appropriation for the feasibility study is a biennial appropriation. The bond service payments are expected to continue through FY 2011. The Reed Act funds are a special allocation from Congress that was authorized in 2002. In the base year budget, authority to expend these funds was obtained via budget amendment and was used for the bond debt service (\$567,840).

Proprietary Rates**Proprietary Program Description**

The Department of Labor and Industry (DLI) collects the contributions paid by employers, based on their industry or individual experience rate, to pay for their Unemployment Insurance. DLI expends the funds by paying unemployment insurance benefit claims.

Proprietary Revenues and Expenses

The revenues received in the proprietary fund are for the Unemployment Insurance Program tax collections, federal reimbursement for claims on federal employees, military personnel, and claimants in other states, and interest earnings to the Unemployment Insurance Trust Fund. The expenditures are Unemployment Insurance Benefits paid to claimants while unemployed, including federal withholding tax and child support payments the claimants have elected to be taken out of the benefit check.

Proprietary Rate Explanation

The Unemployment Insurance Division administers the state unemployment insurance law. There is no proprietary rate but a collection of contributions from employers that are used to pay the Unemployment Insurance Benefits to claimants who have involuntarily become unemployed.

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	20.50	(2.00)	0.00	18.50	(2.00)	0.00	18.50	18.50
Personal Services	1,209,950	6,717	40,814	1,257,481	13,014	92,063	1,315,027	2,572,508
Operating Expenses	262,826	17,556	0	280,382	27,807	0	290,633	571,015
Total Costs	\$1,472,776	\$24,273	\$40,814	\$1,537,863	\$40,821	\$92,063	\$1,605,660	\$3,143,523
General Fund	199,224	52,056	7,889	259,169	54,709	18,084	272,017	531,186
State/Other Special	760,845	(74,684)	18,679	704,840	(65,325)	42,516	738,036	1,442,876
Federal Special	442,143	33,938	11,695	487,776	35,865	25,870	503,878	991,654
Proprietary	70,564	12,963	2,551	86,078	15,572	5,593	91,729	177,807
Total Funds	\$1,472,776	\$24,273	\$40,814	\$1,537,863	\$40,821	\$92,063	\$1,605,660	\$3,143,523

Program Description

The Commissioner's Office and the Centralized Services Division provide program direction, legal, administration, and support services to the department's four divisions and the five administratively attached entities.

Program Highlights

Commissioner's Office and Centralized Services Division Major Budget Highlights	
♦	2.00 FTE attorney positions transferred from appropriated budget to proprietary fund (off budget) to more equitably distribute the costs among the boards using their services
♦	The approved cost allocation rate for the Commissioner's Office and Centralized Services Division is 9.125 percent each year of the 2009 biennium, compared to 8 percent in the 2007 biennium
♦	A majority of the department's statewide fixed costs will be charged to the cost allocation plan and recouped via the cost allocation rate

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Commissioner'S Office/Cs						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 199,224	13.5%	\$ 259,169	16.9%	\$ 272,017	16.9%
01100 General Fund	199,224	13.5%	259,169	16.9%	272,017	16.9%
02000 Total State Special Funds	760,845	51.7%	704,840	45.8%	738,036	46.0%
02258 Employment Security Account	187,117	12.7%	209,930	13.7%	218,085	13.6%
02315 Dli Info Exchange/Rental	8,145	0.6%	10,000	0.7%	10,000	0.6%
02448 Building Codes State Spec Rev	78,204	5.3%	127,638	8.3%	134,909	8.4%
02455 Workers' Comp Regulation	176,573	12.0%	220,639	14.3%	232,859	14.5%
02824 Board Of Medical Examiners	91,135	6.2%	-	-	-	-
02833 Board Of Nursing	95,145	6.5%	-	-	-	-
02941 Uninsured Employer Fund	124,526	8.5%	136,633	8.9%	142,183	8.9%
03000 Total Federal Special Funds	442,143	30.0%	487,776	31.7%	503,878	31.4%
03122 Eeoc	35,452	2.4%	53,780	3.5%	54,348	3.4%
03954 Ui Administrative Grants	406,691	27.6%	433,996	28.2%	449,530	28.0%
06000 Total Proprietary Funds	70,564	4.8%	86,078	5.6%	91,729	5.7%
06546 Commissioner'S Office/Csd	70,564	4.8%	86,078	5.6%	91,729	5.7%
Grand Total	\$ 1,472,776	100.0%	\$ 1,537,863	100.0%	\$ 1,605,660	100.0%

Most of the budget for this division is funded from an administrative charge assessed other divisions for administrative services (such as fiscal support, personnel, and legal/hearings for the Business Standards Division) provided by this division. The budget for these types of costs is accounted for in a proprietary fund and is not included in the above table. The remaining functions in this division, including a portion of the Legal Unit and Hearings Unit, are included in the above table and funded through HB 2.

The Legal and Hearings Units of the division are funded on the basis of the amount of time and effort provided to other department functions.

- General fund supports legal and hearing services for the Human Rights Bureau and comprised 13.5 percent of funding in FY 2006. This bill includes approximately 17 percent general fund each year of the 2009 biennium.
- In the base year, state special revenue funds came from the employment security account, rental fees, building codes state special revenue, workers' comp regulation, the Board of Medical Examiners, the Board of Nursing, and the uninsured employer fund. With the transfer of 2.0 FTE to the proprietary fund, state special revenue from the Board of Medical Examiners and the Board of Nursing is removed from this budget in the 2009 biennium. State special revenue comprises approximately 46 percent of the division budget in the 2009 biennium compared to 52 percent in the base budget year.
- Federal special revenue funds include equal employment opportunity commission funds and unemployment insurance administrative grants.
- Proprietary funding from the department's internal cost allocation plan accounts for approximately six percent of the division's funding in HB 2 (for further information on the department's cost allocation plan, refer to proprietary rates at the end of this program).

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				217,472					224,392
Vacancy Savings				(57,099)					(57,375)
Inflation/Deflation				2,717					3,264
Fixed Costs				6,430					10,641
Total Statewide Present Law Adjustments				\$169,520					\$180,922
DP 6015 - State Motor Pool Rate Change									
0.00	(28)	(43)	(60)	(131)	0.00	(29)	(45)	(62)	(136)
DP 30001 - CSD Operating Increase									
0.00	5,244	21,191	11,607	41,164*	0.00	5,880	23,882	13,035	46,315*
DP 30002 - CSD Funding Switch									
(2.00)	0	(186,280)	0	(186,280)	(2.00)	0	(186,280)	0	(186,280)
Total Other Present Law Adjustments									
(2.00)	\$5,216	(\$165,132)	\$11,547	(\$145,247)*	(2.00)	\$5,851	(\$162,443)	\$12,973	(\$140,101)*
Grand Total All Present Law Adjustments				\$24,273*					\$40,821*

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

DP 30001 - CSD Operating Increase - The legislature added \$41,164 in FY 2008 and \$46,315 in FY 2009 for indirect costs to support central services. The funding sources for this request include general fund, state special and federal revenues.

DP 30002 - CSD Funding Switch - The legislature approved an executive budget recommendation to transfer two attorney positions supported by Board of Nursing and Board of Medical Examiner fees to the division's internal service fund to more equitably distribute the costs among the boards utilizing their services. This adjustment would reduce state special revenue \$186,280 each year of the biennium and increase the proprietary fund budget by a like amount.

New Proposals

New Proposals										
-----Fiscal 2008-----						-----Fiscal 2009-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13										
03	0.00	7,570	17,917	11,292	39,050*	0.00	17,740	41,723	25,449	90,149*
DP 6014 - Retirement Employer Contributions HB 63 & HB 131										
03	0.00	319	762	403	1,764*	0.00	344	793	421	1,914*
Total	0.00	\$7,889	\$18,679	\$11,695	\$40,814*	0.00	\$18,084	\$42,516	\$25,870	\$92,063*

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in CY 2008 and an additional \$36 per month in CY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions HB 63 & HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

Proprietary Rates**Proprietary Program Description**

Cost Allocation Plan (CAP) - Supportive services provided by the Commissioner's Office and Centralized Services Division are funded through a cost allocation plan under which the other divisions in the department are assessed a percentage of their personal service costs to support centralized functions.

The Technical Services Bureau recovers costs for services to provide mainframe computer support and the Hearings Bureau provides administrative hearings to the Business Standards Division's licensing and building codes bureaus.

Proprietary Revenues and Expenses

In addition to the adjusted base expenditures, the predominant share of statewide fixed costs will be charged to the FY 2008-2009 cost allocation plan and recouped via the cost allocation rate.

Proprietary Rate Explanation

The cost allocation rate that funds the Commissioner's Office and the Centralized Services Division is the total costs of providing the services divided by the projected non-CAP personal service expenditures. The rate is 9.125 percent each year of the biennium.

The Technical Services Bureau bills users based on actual use. The Hearings Bureau establishes an hourly rate for attorneys and legal assistants not to exceed those charged by the Attorney Generals Office.

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	123.10	0.00	2.00	125.10	0.00	2.00	125.10	125.10
Personal Services	6,093,549	558,709	351,973	7,004,231	590,289	644,790	7,328,628	14,332,859
Operating Expenses	3,409,866	155,064	31,480	3,596,410	172,681	29,758	3,612,305	7,208,715
Equipment	79,590	0	0	79,590	0	0	79,590	159,180
Benefits & Claims	135,586	0	0	135,586	0	0	135,586	271,172
Total Costs	\$9,718,591	\$713,773	\$383,453	\$10,815,817	\$762,970	\$674,548	\$11,156,109	\$21,971,926
General Fund	872,547	193,514	25,592	1,091,653	199,356	60,089	1,131,992	2,223,645
State/Other Special	8,069,917	547,787	342,125	8,959,829	585,769	578,142	9,233,828	18,193,657
Federal Special	776,127	(27,528)	15,736	764,335	(22,155)	36,317	790,289	1,554,624
Total Funds	\$9,718,591	\$713,773	\$383,453	\$10,815,817	\$762,970	\$674,548	\$11,156,109	\$21,971,926

Program Description

The Employment Relations Division (ERD) provides five service areas:

- The Workers' Compensation (WC) Regulation Bureau, which regulates WC insurance coverage requirements, policy compliance, medical regulations, contractor registration, and independent contractor exemptions
- The WC Claims Assistance Bureau, which assists organizations and individuals to arrive at early, less expensive settlements of their disputes, and provides management information on the workers' compensation system
- The Labor Standards Bureau (and administratively attached Board of Personnel Appeals), which enforces state and federal labor laws related to the payment of wages, and provides collective bargaining mediation
- The Occupational Health and Safety Bureau, which administers federal and state industrial safety laws
- The Human Rights Bureau (and administratively attached Human Rights Commission), which enforces Montana Human Rights Act and Governmental Code of Fair Practices through investigations, conciliation, hearings, and education

All functional areas in the Employment Relations Division are supported by the Management Services Bureau, which provides an array of services, including business process analysis, statistical analysis, budget development, fiscal and management analysis, administrative/clerical support; and information technology planning, development, implementation and maintenance.

The Board of Personnel Appeals, created in Section 2-15-1705, MCA and the Human Rights Commission, created in Section 2-15-1706, MCA are administratively attached to the department. The Employment Relations Division provides the administrative support for these two boards.

Program Highlights

Employment Relations Division Major Budget Highlights	
◆	The legislature approved 2.00 new FTE Wage Compliance Specialists, funded with Employment Security Account funds to expand the prevailing wage and minimum wage enforcement and compliance function
◆	The legislature approved operating expense increases, exceeding executive-recommended inflation, of \$354,000 for the 2009 biennium

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Employment Relations Div						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 872,547	9.0%	\$ 1,091,653	10.1%	\$ 1,131,992	10.1%
01100 General Fund	872,547	9.0%	1,091,653	10.1%	1,131,992	10.1%
02000 Total State Special Funds	8,069,917	83.0%	8,959,829	82.8%	9,233,828	82.8%
02236 Industrial Accident Rehab	13,886	0.1%	10,043	0.1%	10,043	0.1%
02258 Employment Security Account	977,102	10.1%	1,304,356	12.1%	1,351,375	12.1%
02263 Subsequent Injury Admin	55,528	0.6%	58,174	0.5%	59,650	0.5%
02346 Contractor Registration	1,825,602	18.8%	1,690,118	15.6%	1,720,227	15.4%
02455 Workers' Comp Regulation	4,672,248	48.1%	5,335,033	49.3%	5,512,132	49.4%
02941 Uninsured Employer Fund	525,551	5.4%	562,105	5.2%	580,401	5.2%
03000 Total Federal Special Funds	776,127	8.0%	764,335	7.1%	790,289	7.1%
03122 Eeoc	183,905	1.9%	187,327	1.7%	188,451	1.7%
03130 Coal Mine Safety	124,395	1.3%	125,109	1.2%	129,971	1.2%
03195 On-Site Consultation	467,827	4.8%	451,899	4.2%	471,867	4.2%
Grand Total	\$ 9,718,591	100.0%	\$ 10,815,817	100.0%	\$ 11,156,109	100.0%

General fund supports a portion of the Human Rights Bureau, silicosis benefits, the social security offset function in the Workers Compensation Claims Assistance Bureau, and a portion of the Management Services Bureau. General fund accounts for nine percent of division funding in the 2007 biennium and 10 percent in the 2009 biennium.

State special revenue funds comprise 83 percent of division funding in the 2009 biennium and include:

- Employment security account, with revenues derived from an assessment to employers that pay state unemployment insurance taxes; this fund supports the Labor Standards Bureau
- Contractor Registration, with revenues derived from contractor registration and independent contractor exemption fees. This fund supports the administration of both of these programs
- Workers compensation regulation, with revenues derived from an assessment to workers compensation insurance plans that is passed on to employers, plus fees and penalties as allowed by law; this fund supports several functions of the division
- Uninsured employer fund, with revenues derived from penalties assessed employers that do not provide workers compensation coverage as required by law and workers with invalid independent contractor exemption certificates. This fund supports administrative costs of the program. In addition, this fund pays benefits payments to injured workers through a statutory appropriation.

Federal funding comprises seven percent of total division funding in the 2009 biennium and includes coal mine safety and on-site consultation, which supports the Occupational Safety and Health Bureau; and the equal employment opportunity account which supports the Human Rights Bureau. Federal funding for on-site consultations decreases by about \$25,000 each year of the biennium. The decrease is related to federal support for training and education for smaller businesses with high-hazard workplaces (as defined by the Occupational Safety and Health Administration).

The Management Services Bureau is funded from all funding sources supporting the functional division units.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					822,759					855,664
Vacancy Savings					(276,650)					(277,975)
Inflation/Deflation					60,098					64,256
Fixed Costs					(61,669)					(54,572)
Total Statewide Present Law Adjustments					\$544,538					\$587,373
DP 6015 - State Motor Pool Rate Change										
0.00	(161)		(3,409)	(795)	(4,365)	0.00	(165)	(3,518)	(820)	(4,503)
DP 40001 - ERD Operating Increases										
0.00	27,300	136,600	9,700	173,600	0.00	28,100	141,800	10,200	180,100	
Total Other Present Law Adjustments										
0.00	\$27,139	\$133,191	\$8,905	\$169,235	0.00	\$27,935	\$138,282	\$9,380	\$175,597	
Grand Total All Present Law Adjustments					\$713,773					\$762,970

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

DP 40001 - ERD Operating Increases - The legislature approved operating expense increases for per diem for the two administratively attached boards, rent, and indirect costs. The total biennial increase is \$353,700, funded from \$55,400 general fund and the remainder state and federal special revenue.

New Proposals

New Proposals										
-----Fiscal 2008-----						-----Fiscal 2009-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13										
04	0.00	24,614	184,773	15,211	224,598	0.00	59,052	420,535	35,774	515,361
DP 6014 - Retirement Employer Contributions HB 63 & HB 131										
04	0.00	978	5,852	525	7,355	0.00	1,037	6,069	543	7,649
DP 40003 - Wage Compliance Specialists 2.00 FTE										
04	2.00	0	150,000	0	150,000	2.00	0	150,000	0	150,000
DP 40004 - Increase Pymt to Advisory Board Members -- SB 62										
04	0.00	0	1,500	0	1,500	0.00	0	1,538	0	1,538
Total	2.00	\$25,592	\$342,125	\$15,736	\$383,453*	2.00	\$60,089	\$578,142	\$36,317	\$674,548*

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in CY 2008 and an additional \$36 per month in CY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions HB 63 & HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

DP 40003 - Wage Compliance Specialists 2.00 FTE - The legislature approved \$150,000 each year of the biennium from the employment security state special revenue account for 2.00 new FTE compliance specialists to expand the prevailing wage and minimum wage enforcement and compliance work unit. The additional staff will be used to verify correct prevailing wages and insure that employers are properly paying the increase in minimum wages required by I-151.

DP 40004 - Increase Pymt to Advisory Board Members -- SB 62 - The legislative budget includes \$3,038 state special revenue authority to implement SB 62 passed by the 2007 Legislature, a bill that requires increased payment to advisory board members.

Proprietary Rates

Proprietary Program Description

The Subsequent Injury Fund was established in 1973 to assist disabled persons in becoming employed by offering a financial incentive to the employers who hire them. The incentive has a limit of 104 weeks of benefits paid by their Workers' Compensation carrier in the event of an on-the-job injury to the certified employee, thus minimizing workers' compensation expenses. Beginning July 1, 1999, the fund is maintained by annual assessment of all Montana Workers' Compensation insurers, including self insured employers, private insurers and the State Fund. The asset balance is maintained at approximately \$1.7 million to provide an operating balance for payment of benefits and administrative costs.

Proprietary Revenues and Expenses

Beginning July 1, 1999, the fund is maintained by an annual assessment on all workers' compensation policyholders, which is collected by all Montana workers' compensation insurers. The assessment is statutorily set (Title 39-71-915 MCA) at the amount expended by the fund for the benefit payments plus the cost of administration in the previous calendar year, less other income. The assessment is allocated among Plan 1, Plan 2, and Plan 3 insurers based on their compensation and medical payments for the previous calendar year. Thus, any rate beyond one year into the future is an unknown, and the rate is based solely on the insured's current year's use.

Proprietary Rate Explanation

The assessment for the Subsequent Injury Fund is allocated among insurers based on their compensation and medical payments for the previous calendar year per 39-71-915, MCA.

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	112.03	0.00	3.50	115.53	0.00	3.50	115.53	115.53
Personal Services	5,265,475	591,902	349,979	6,207,356	621,117	603,214	6,489,806	12,697,162
Operating Expenses	6,289,396	1,168,053	91,449	7,548,898	1,212,381	99,528	7,601,305	15,150,203
Equipment	266,196	89,000	14,700	369,896	90,000	14,700	370,896	740,792
Grants	21,001	0	0	21,001	0	0	21,001	42,002
Total Costs	\$11,842,068	\$1,848,955	\$456,128	\$14,147,151	\$1,923,498	\$717,442	\$14,483,008	\$28,630,159
State/Other Special	11,842,068	1,848,955	456,128	14,147,151	1,923,498	717,442	14,483,008	28,630,159
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$11,842,068	\$1,848,955	\$456,128	\$14,147,151	\$1,923,498	\$717,442	\$14,483,008	\$28,630,159

Program Description

The Business Standards Division consists of three bureaus:

- Bureau of Building & Measurement Standards (BBMS) establishes and enforces minimum building, plumbing, mechanical, electrical, energy, elevator and boiler codes for use throughout Montana, and approves and certifies local government code enforcement programs to utilize codes adopted by the bureau. The BBMS is also responsible for licensing, inspecting, testing and certifying all weighing and measuring devices used in making commercial transactions in Montana
- Health Care Licensing Bureau (HCLB) provides administrative, clerical and compliance support for 20 licensing boards and one program that license professionals and individuals working in the health care field. The licensing boards and program in HCLB include 130 board members and 6 advisory council members appointed by the Governor
- Business & Occupational Licensing Bureau (BOLB) provides administrative, clerical and compliance support for 13 licensing boards and 6 licensing programs that license professionals and individuals working in non-health-care-related professions and occupations. The licensing boards in BOLB include 84 board members appointed by the Governor

Program Highlights

Business Standards Division Major Budget Highlights	
◆	3.00 new FTE electrical inspectors are added due to increased building construction in Montana, funded by electrical permit fees
◆	A 0.50 new FTE educational specialist is added, funded by Board of Realty Regulation new and renewal realty license fees and realty related professions
◆	The approved cost allocation rate for the Business Standards Division is a maximum of 54 percent each year of the 2009 biennium, compared to 48 percent for the last two biennia
◆	The legislature approved operating expense increases, exceeding executive-recommended inflation, of \$2.8 million for the 2009 biennium, an approximate 20 percent increase each year from the FY 2006 budget base

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Business Standards Divis						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000 Total State Special Funds	\$ 11,842,068	100.0%	\$ 14,147,151	100.0%	\$ 14,483,008	100.0%
02024 Blaster Licensing	8,539	0.1%	14,008	0.1%	14,017	0.1%
02034 Earmarked Alcohol Funds	-	-	(5,001)	0.0%	(5,001)	0.0%
02078 Occupational Therapists	47,558	0.4%	41,642	0.3%	42,881	0.3%
02079 Fire Protection & Permitting	34,957	0.3%	32,519	0.2%	33,266	0.2%
02109 Board Of Outfitters	556,099	4.7%	608,805	4.3%	622,700	4.3%
02155 Boiler,Blaster,Crane Licensing	64,765	0.5%	64,746	0.5%	67,045	0.5%
02160 Legal Contingency Fund	-	-	34,458	0.2%	34,458	0.2%
02207 Crane Licensing	119,577	1.0%	150,873	1.1%	155,552	1.1%
02359 Chemical Dependency Counselors	-	-	60,033	0.4%	62,648	0.4%
02446 Board Of Psychologist Exam	65,478	0.6%	79,372	0.6%	81,962	0.6%
02448 Building Codes State Spec Rev	4,358,706	36.8%	5,280,815	37.3%	5,386,766	37.2%
02580 Bd Of Athletice Trainers	-	-	50,732	0.4%	46,229	0.3%
02764 Bd Of Adolescent Res. Or Outdr Pgm	16,515	0.1%	62,617	0.4%	79,489	0.5%
02767 Elevators	9,832	0.1%	7,157	0.1%	7,241	0.0%
02805 Weights & Measures Bureau	862,940	7.3%	991,642	7.0%	1,020,437	7.0%
02808 Board Of Landscape Architects	523	0.0%	40,660	0.3%	40,220	0.3%
02809 Board Of Speech Pathologists	44,276	0.4%	49,424	0.3%	50,824	0.4%
02810 Bd Of Radiologic Technologists	80,888	0.7%	83,831	0.6%	85,956	0.6%
02811 Clinical Lab Science Pract.	53,905	0.5%	58,047	0.4%	59,369	0.4%
02812 Physical Therapists	64,838	0.5%	65,911	0.5%	67,714	0.5%
02813 Bd Of Nursing Home Admin	44,138	0.4%	48,971	0.3%	50,353	0.3%
02814 Bd Of Hearing Aid Dispensers	32,403	0.3%	38,073	0.3%	39,211	0.3%
02815 Board Of Public Accountants	260,538	2.2%	293,420	2.1%	297,736	2.1%
02816 Board Of Sanitarians	15,985	0.1%	26,444	0.2%	27,240	0.2%
02818 Electrical Board	287,887	2.4%	348,112	2.5%	354,124	2.4%
02819 Board Of Realty Regulations	633,404	5.3%	754,211	5.3%	774,999	5.4%
02820 Board Of Architects	66,151	0.6%	87,414	0.6%	85,884	0.6%
02821 Board Of Funeral Service	79,969	0.7%	92,127	0.7%	94,306	0.7%
02822 Board Of Chiropractors	79,206	0.7%	80,001	0.6%	82,013	0.6%
02823 Professional Engineers	339,025	2.9%	336,287	2.4%	334,308	2.3%
02824 Board Of Medical Examiners	704,490	5.9%	910,779	6.4%	933,169	6.4%
02826 Cosmetology Board	396,977	3.4%	457,789	3.2%	468,025	3.2%
02828 Board Of Plumbers	210,794	1.8%	231,788	1.6%	238,890	1.6%
02829 Private Investigator	133,804	1.1%	169,041	1.2%	170,651	1.2%
02830 Board Of Dentistry	198,241	1.7%	191,620	1.4%	195,731	1.4%
02831 Board Of Optometrists	38,780	0.3%	51,900	0.4%	53,200	0.4%
02832 Board Of Pharmacy	483,183	4.1%	603,938	4.3%	626,759	4.3%
02833 Board Of Nursing	814,473	6.9%	945,665	6.7%	971,945	6.7%
02834 Board Of Veterinarians	75,519	0.6%	77,757	0.5%	80,365	0.6%
02840 Board Of Social Workers	149,174	1.3%	158,194	1.1%	163,782	1.1%
02841 Board Of Athletics	99,546	0.8%	124,714	0.9%	127,812	0.9%
02852 Bd. Of Alternative Health Care	46,167	0.4%	60,989	0.4%	63,830	0.4%
02854 Bd. Of Real Estate Appraisers	231,471	2.0%	244,163	1.7%	252,259	1.7%
02855 Bd Of Respiratory Care	31,347	0.3%	41,463	0.3%	42,643	0.3%
Grand Total	\$ 11,842,068	100.0%	\$ 14,147,151	100.0%	\$ 14,483,008	100.0%

Business, professional and occupational license fees; inspection fees; and permit fees are the revenue sources for all functions of this division. Costs for services provided directly by the functional units, such as board staff and the BBMS, are budgeted in this bill. Overhead costs such as program administration and support are recovered from functional units through an administrative assessment. The functional units use license fees, inspection fees, and permit fees to pay the administrative assessment. Both the overhead costs and the assessment are accounted for in a proprietary fund, and as such are not included in the above table, but are presented in the proprietary rates section at the end of this program narrative.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget approved by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					657,118					682,853
Vacancy Savings					(236,909)					(237,929)
Inflation/Deflation					38,795					41,236
Fixed Costs					(29,666)					(24,704)
Total Statewide Present Law Adjustments					\$429,338					\$461,456
DP 6015 - State Motor Pool Rate Change										
	0.00	0	(1,322)	0	(1,322)	0.00	0	(1,363)	0	(1,363)
DP 50005 - Legal Contingency Fund (Rst/OTO)										
	0.00	0	34,458	0	34,458	0.00	0	34,458	0	34,458
DP 50006 - BOLB Operating Increases										
	0.00	0	440,513	0	440,513	0.00	0	467,984	0	467,984
DP 50007 - Building Codes Operating Increases										
	0.00	0	287,376	0	287,376	0.00	0	230,527	0	230,527
DP 50008 - BSD Admin Operating Increases										
	0.00	0	(8,482)	0	(8,482)	0.00	0	(8,117)	0	(8,117)
DP 50009 - HCLB Operating Increases										
	0.00	0	544,812	0	544,812	0.00	0	613,701	0	613,701
DP 50010 - Weights & Measures Operating Increase										
	0.00	0	122,262	0	122,262	0.00	0	124,852	0	124,852
Total Other Present Law Adjustments										
	0.00	\$0	\$1,419,617	\$0	\$1,419,617	0.00	\$0	\$1,462,042	\$0	\$1,462,042
Grand Total All Present Law Adjustments					\$1,848,955					\$1,923,498

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

DP 50005 - Legal Contingency Fund (Rst/OTO) - The legislature approved a restricted, one-time-only appropriation for a legal contingency fund for the Business & Occupational and the Health Care Licensing Bureaus. The purpose of this funding authority is to eliminate the need for budget amendments for unanticipated and emergency legal costs. The FY 2006 base expenditure for legal contingency costs of \$35,542 was combined with the \$34,458 approved in this decision package to total a \$70,000 legal contingency appropriation each year of the 2009 biennium. This decision package is funded by state special revenue.

DP 50006 - BOLB Operating Increases - The legislature increased the division budget \$440,513 in FY 2008 and \$467,984 in FY 2009 for board per diem, overtime, travel, education training costs, computing costs, indirect costs, and other miscellaneous operating expenses for the Business & Occupational Licensing Bureau. State special revenue supporting this adjustment comes from license fees paid by persons in regulated businesses and professions that are required to obtain a license from the state before practicing the profession or opening a business, and periodically thereafter.

DP 50007 - Building Codes Operating Increases - The legislature provided increased state special revenue authority in the Building Codes Bureau totaling \$287,376 in FY 2008 and \$230,527 in FY 2009 to cover increased rent, increased overhead costs, and the development of a portal for online permitting and public access to building permit information. The budget increase is funded from inspection fees and permits.

DP 50008 - BSD Admin Operating Increases - The legislature adopted the executive budget proposal to reduce operating costs in the division administration office by \$8,482 in FY 2008 and \$8,117 in FY 2009.

DP 50009 - HCLB Operating Increases - The legislature added budget increases in the Health Care Licensing Bureau totaling \$544,812 in FY2008 and \$613,701 in FY2009 for board member per diem, staff overtime, increased overhead costs, increased travel, and increased computing costs. State special revenue from licensing fees supports this increase.

DP 50010 - Weights & Measures Operating Increase - The legislature included a budget increase for increased rent, overhead costs, and equipment. HB 99 passed by the 2007 Legislature authorized a fee increase for weighing device licenses. The revenue from this fee supports the weights and measures work unit within the Business Standards Division.

New Proposals

New Proposals										
Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13										
05	0.00	0	196,286	0	196,286	0.00	0	449,433	0	449,433
DP 6014 - Retirement Employer Contributions HB 63 & HB 131										
05	0.00	0	6,250	0	6,250	0.00	0	6,548	0	6,548
DP 50001 - BOLB Additional FTE Education Specialist										
05	0.50	0	27,928	0	27,928	0.50	0	26,275	0	26,275
DP 50003 - Building Codes FTE										
05	3.00	0	159,207	0	159,207	3.00	0	159,480	0	159,480
DP 50012 - Revise Nursing Home Administration Laws - HB 378										
05	0.00	0	1,188	0	1,188	0.00	0	1,188	0	1,188
DP 50014 - License and Regulate Athletic Trainers - HB 665										
05	0.00	0	50,732	0	50,732	0.00	0	46,229	0	46,229
DP 50015 - Alternative Adolescent Registration - HB 769										
05	0.00	0	800	0	800	0.00	0	15,382	0	15,382
DP 50016 - Increase Pymt to Advisory Board Members										
05	0.00	0	500	0	500	0.00	0	512	0	512
DP 50017 - Revise Prof. and Occupational Licensing Laws										
05	0.00	0	11,290	0	11,290	0.00	0	11,290	0	11,290
DP 50018 - Board of Private Security Patrol Officers SB 209										
05	0.00	0	1,947	0	1,947	0.00	0	1,105	0	1,105
Total	3.50	\$0	\$456,128	\$0	\$456,128*	3.50	\$0	\$717,442	\$0	\$717,442*

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in CY 2008 and an additional \$36 per month in CY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions HB 63 & HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

DP 50001 - BOLB Additional FTE Education Specialist - The legislature added budget authority for a 0.50 FTE, Education Specialist position in the Board of Realty Regulation and \$27,982 in FY 2008 and \$26,275 in FY 2009 from Board of Realty Regulation fees paid by license fees and renewals from realty related professions. The Board of Realty Regulation currently has 0.50 FTE and this proposal increases FTE by 0.50.

DP 50003 - Building Codes FTE - The legislature included funding for an additional 3.00 FTE electrical inspectors in the Building Codes Bureau to meet the increasing demands of electrical inspection workload due to increased building construction in Montana. These positions were modified positions in FY 2006; this action by the legislature makes these positions permanent. The additional costs for these positions total \$159,207 in FY 2008 and \$159,480 in FY 2009 and are funded by electrical permit fees.

DP 50012 - Revise Nursing Home Administration Laws - HB 378 - The legislature added \$2,376 federal special revenue

in the 2009 biennium for the department to implement the provisions of HB 378, a bill that revises nursing home administration laws. The additional funds are added to cover the cost of adding one board member to the Board of Nursing Home Administrators.

DP 50014 - License and Regulate Athletic Trainers - HB 665 - This legislation establishes a new five-member board for the profession of athletic trainers. Board related travel and administrative expenses to establish the new board total \$96,961 and were added to HB 2.

DP 50015 - Alternative Adolescent Registration - HB 769 - This legislation requires registration and licensure of alternative adolescent residential or outdoor programs and inspection of the programs by the department for licensure and re-inspection every three years. The budgetary impact of this legislation, estimated at \$16,182 for the 2009 biennium, was added to HB 2.

DP 50016 - Increase Pymt to Advisory Board Members - This adjustment adds funds to implement the provisions of SB 62 passed by the regular session of the 2007 Legislature, a bill that requires increased payment to advisory board members.

DP 50017 - Revise Prof. and Occupational Licensing Laws - This legislation revises numerous professional and occupational licensing laws. The budgetary impact of this legislation is driven by expanding the Board of Realty Regulation from five to seven members and expanding audit functions of the board to test compliance of real estate brokers or property managers with trust account maintenance requirements. Total additional funds included in HB 2 are \$22,580.

DP 50018 - Board of Private Security Patrol Officers SB 209 - This legislation transfers the regulation and oversight of registering process servers and levying officers to the Board of Private Security Patrol Officers from the Clerks of District Court. The budgetary impact, estimated at \$3,052 for the 2009 biennium, was added to HB 2.

Proprietary Rates

Proprietary Program Description

The Business Standards Division maintains an internal service fund to cover division and bureau level costs of operation that are common to the bureaus, boards and programs of the division. Common costs of operation are assessed through a cost allocation plan to the various state special revenue accounts on an equitable basis, while attempting to reach a reasonable working capital reserve of approximately 60 days by the end of FY2009.

Proprietary Revenues and Expenses

The adjusted base expenditures will be charged to the FY2008 and FY2009 cost allocation plan and recouped via the cost allocation rate.

Proprietary Rate Explanation

The cost allocation rate which funds the division level operating costs are assessed to the three bureaus on an FTE basis, with assessments as follows: Bureau of Business & Measurement Standards (BBMS) - 54.4 percent, Health Care Licensing Bureau (HCLB)- 20.7 percent and Business & Occupational Licensing Bureau (BOLB) - 24.9 percent. BBMS will pay a percent of its share of division level operating costs with HB2 direct charges covering the personal services costs of the division administrator and division rent. The division level, bureau level and legal services operating costs assessments for HCLB and BOLB are passed through to the boards and programs located in each bureau on the basis of time distribution.

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	177,469	24,202	6,333	208,004	24,791	14,904	217,164	425,168
Operating Expenses	145,026	148,951	50,000	343,977	150,650	0	295,676	639,653
Grants	2,599,113	20,917	0	2,620,030	20,917	0	2,620,030	5,240,060
Total Costs	\$2,921,608	\$194,070	\$56,333	\$3,172,011	\$196,358	\$14,904	\$3,132,870	\$6,304,881
General Fund	38,079	86,921	0	125,000	86,921	0	125,000	250,000
State/Other Special	0	75,000	50,000	125,000	75,000	0	75,000	200,000
Federal Special	2,883,529	32,149	6,333	2,922,011	34,437	14,904	2,932,870	5,854,881
Total Funds	\$2,921,608	\$194,070	\$56,333	\$3,172,011	\$196,358	\$14,904	\$3,132,870	\$6,304,881

Program Description

The Office of Community Services provides administration for Corporation for National and Community Service programs (AmeriCorps), community service, and volunteer efforts statewide. The office was created by the 1993 Legislature at the request of the Governor (MCA 90-14-101) in order to support community-based volunteer programs focused on addressing critical community needs. The vision of the office and its Commission on Community Service is to cultivate service as a lifelong "habit of the heart" for all citizens, and in particular, instill an ethic of community service in young Montanans. To that end, in the 2007-2009 biennia, the office is committed to:

- Encouraging all Montana citizens to engage in service activities in their community, involving youth in the life and work of communities, and expanding service opportunities for all Montanans.
- Contracting with and monitoring grants to community organizations utilizing part-time and full-time volunteers in an effort to make a difference, as well as work with other partners from the Corporation for National Service, which includes primarily the Office of Public Instruction, the University of Montana Campus Compact, and the Corporation State Office.
- Coordinating and overseeing annual training and technical assistance activities for national service programs in Montana through AmeriCorps*USA, National Senior Service Corps, and Learn & Serve America.

Program Highlights

Office of Community Services Major Budget Highlights	
◆	General fund increases from \$38,000 in the base year to \$125,000 each year of the 2009 biennium to provide a hard match for the federal grant
◆	The legislature added \$50,000 budget authority to this program to account for the Conference on Race, funded from conference registration fees and donations

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Office Of Community Serv						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 38,079	1.3%	\$ 125,000	3.9%	\$ 125,000	4.0%
01100 General Fund	38,079	1.3%	125,000	3.9%	125,000	4.0%
02000 Total State Special Funds	-	-	125,000	3.9%	75,000	2.4%
02296 Mt Community Service Ssr	-	-	125,000	3.9%	75,000	2.4%
03000 Total Federal Special Funds	2,883,529	98.7%	2,922,011	92.1%	2,932,870	93.6%
03322 Mt Community Service Fsr	2,883,529	98.7%	2,922,011	92.1%	2,932,870	93.6%
Grand Total	\$ 2,921,608	100.0%	\$ 3,172,011	100.0%	\$ 3,132,870	100.0%

In the base budget year, this program was funded primarily from a federal grant and a small amount of general fund that was used to meet a portion of the required match for the federal grant. The legislature increased the general fund appropriation to \$125,000 each year as in-kind resources used to match the federal grant in previous years are no longer available. The legislature also added \$200,000 state special revenue in the 2009 biennium to properly record revenues received from external sources.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				32,605					33,218
Vacancy Savings				(8,403)					(8,427)
Inflation/Deflation				503					530
Fixed Costs				1,711					2,661
Total Statewide Present Law Adjustments				\$26,416					\$27,982
DP 6015 - State Motor Pool Rate Change	0.00	0	0	(39)	0.00	0	0	(41)	(41)
DP 70001 - Administration Costs	0.00	86,922	0	86,922	0.00	86,922	0	0	86,922
DP 70002 - Accounting Requirement	0.00	0	75,000	75,000	0.00	0	75,000	0	75,000
DP 70003 - Operating Increase	0.00	1,156	0	5,771	0.00	1,156	0	5,339	6,495
Total Other Present Law Adjustments	0.00	\$88,078	\$75,000	\$167,654	0.00	\$88,078	\$75,000	\$5,298	\$168,376
Grand Total All Present Law Adjustments				\$194,070					\$196,358

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

DP 70001 - Administration Costs - The legislature added \$173,844 general fund to this program to provide a dollar for dollar cash match to the federal administrative grant received by the program.

DP 70002 - Accounting Requirement - The legislature added state special revenue authority totaling \$150,000 in the 2009 biennium to properly account for revenue from other state agencies and bring the program into compliance with state accounting statutes.

DP 70003 - Operating Increase - The legislature included a \$12,000 adjustment for increased indirect costs in the 2009 biennium. This increase is funded from general fund and federal special revenue.

New Proposals

New Proposals											
Program	FTE	Fiscal 2008				Fiscal 2009				FTE	Total Funds
		General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds		
DP 6013 - 2009 Biennium Pay Plan - HB 13											
07	0.00	0	0	6,106	6,106	0.00	0	0	14,670		14,670
DP 6014 - Retirement Employer Contributions HB 63 & HB 131											
07	0.00	0	0	227	227	0.00	0	0	234		234
DP 70004 - Conference on Race (Biennial)											
07	0.00	0	50,000	0	50,000	0.00	0	0	0		0
Total	0.00	\$0	\$50,000	\$6,333	\$56,333*	0.00	\$0	\$0	\$14,904		\$14,904*

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in CY 2008 and an additional \$36 per month in CY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions HB 63 & HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

DP 70004 - Conference on Race (Biennial) - The legislature added budget authority for the Conference on Race. A \$50,000 biennial appropriation, funded from conference registration fees and donations, is included in the 2009 biennium.

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	6.00	0.00	0.00	6.00	0.00	0.00	6.00	6.00
Personal Services	428,850	(16,956)	13,459	425,353	(15,360)	30,621	444,111	869,464
Operating Expenses	142,619	56,338	0	198,957	60,595	0	203,214	402,171
Total Costs	\$571,469	\$39,382	\$13,459	\$624,310	\$45,235	\$30,621	\$647,325	\$1,271,635
State/Other Special	571,469	39,382	13,459	624,310	45,235	30,621	647,325	1,271,635
Total Funds	\$571,469	\$39,382	\$13,459	\$624,310	\$45,235	\$30,621	\$647,325	\$1,271,635

Program Description

The Workers' Compensation Court provides a forum for Montana employees, employers, and the insurance industry to resolve disputes arising from work-related injuries and occupational disease. The court is attached to the department for administrative purposes only.

Program Highlights

Workers' Compensation Court Major Budget Highlights	
♦	Contracted services increase approximately \$30,000 annually for a special master to address pre-trial matters on legal cases

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Workers' Compensation Court							
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009	
02000 Total State Special Funds	\$ 571,469	100.0%	\$ 624,310	100.0%	\$ 647,325	100.0%	
02455 Workers' Comp Regulation	571,469	100.0%	624,310	100.0%	647,325	100.0%	
Grand Total	\$ 571,469	100.0%	\$ 624,310	100.0%	\$ 647,325	100.0%	

The Workers Compensation Court is funded entirely with workers compensation regulation funds from assessments on employers, insurers, and the state fund. This fund was created to pay for workers compensation regulation.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					207					1,869
Vacancy Savings					(17,163)					(17,229)
Inflation/Deflation					1,527					2,045
Fixed Costs					(230)					169
Total Statewide Present Law Adjustments					(\$15,659)					(\$13,146)
DP 6015 - State Motor Pool Rate Change										
0.00	0	(31)	0	(31)	0.00	0	(32)	0	(32)	
DP 90001 - WCC Operating Increase										
0.00	0	55,072	0	55,072	0.00	0	58,413	0	58,413	
Total Other Present Law Adjustments										
0.00	\$0	\$55,041	\$0	\$55,041	0.00	\$0	\$58,381	\$0	\$58,381	
Grand Total All Present Law Adjustments					\$39,382					\$45,235

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

DP 90001 - WCC Operating Increase - The legislature included budget adjustments for increased rent, indirect costs, travel, and contracted services. Approximately \$30,000 per year of the increase relates to contracted and professional services for a special master to address pre-trial matters on legal cases. The adjustments are funded by the workers compensation regulation fund, for a total of \$55,072 in FY2008 and \$58,413 in FY 2009.

New Proposals

New Proposals										
-----Fiscal 2008-----						-----Fiscal 2009-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13										
09	0.00	0	12,977	0	12,977	0.00	0	30,119	0	30,119
DP 6014 - Retirement Employer Contributions HB 63 & HB 131										
09	0.00	0	482	0	482	0.00	0	502	0	502
Total	0.00	\$0	\$13,459	\$0	\$13,459*	0.00	\$0	\$30,621	\$0	\$30,621*

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in CY 2008 and an additional \$36 per month in CY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions HB 63 & HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.